

Message Text

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C O N F I D E N T I A L MADRID 7476

E.O. 11652: GDS

TAGS: MARR, ENRG, SP

SUBJ: SPANISH ATTITUDE TOWARD US MILITARY FUEL
NEEDS.

1. IN PERIOD SINCE ARAB OIL BOYCOTT DECLARED, NO
COMPREHENSIVE SPANISH POLICY YET APPARENT WITH
REGARD TO SUPPLYING FUELS TO US FORCES IN SPAIN. SO
FAR WILLINGNESS OF PETROLEUM PRODUCTS SUPPLIERS, SUCH
AS STATE OIL MONOPOLIES CAMPSA AND CEPESA, HAS VARIED
CONSIDERABLY DEPENDING ON INTENDED US MILITARY USE, TYPE
OF PRODUCT AND ITS AVAILABILITY, OR LOCATION OF USING
UNIT. IN GENERAL, CAMPSA HAS BEEN WILLING TO CONTINUE
TO SUPPLY USAF WITH TYPES OF FUELS NOT NORMALLY SUPPLIED
FROM US SOURCES THROUGH PIPELINE OR, IN CASE OF OTHER
TYPES, TO SUPPLEMENT US FORCES PIPELINE SUPPLIES FROM
SPANISH PRODUCTION. LOCAL PRESS, HOWEVER, CONTINUES TO
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SPECULATE ON POSSIBLE CUT OFF OF SPANISH SUPPLIES TO

BASES. DECEMBER ISSUE OF TRADE MAGAZINE, PETROLEO, CARRIED UNFOUNDED REPORT THAT GOS HAD SUSPENDED SUPPLY TO ROTA.

2. WHILE US AIR FORCE IN SPAIN, OF COURSE, ADHERING TO GENERAL EUROPEAN AREA FUEL CONSERVATION MEASURES, CURRENT SUPPLIES OF JET FUEL FOR OPERATIONS AT ZARAGOZA, TORREJON AND MORON ARE SATISFACTORY. USAF CONTINUES, AS IN PAST, TO PROVIDE JP-4 TO SPANISH AIR FORCE (SAF) AT THESE THREE BASES ON REPLACEMENT BASIS PLUS 3.5 PERCENT CHARGE. SAF NOW DRAWS AT THREE BASES ABOUT 160 THOUSAND BARRELS JP-4 ANNUALLY, OR ABOUT 6 PERCENT OF TOTAL USAF ANNUAL SUPPLY. BUT THIS AMOUNT REPRESENTS 100 PERCENT OF SUPPLY FOR SAF UNITS STATIONED AT JOINT-USE BASES. EXISTING USAF SUPPLIES OF AVIATION GAS SATISFACTORY AND SAF DOES NOT DRAW ON THEM. CAMPSA NOW WILLING TO SEELL ADDITIONAL AVGAS TO USAF, BUT AT STRAIGHT COMMERCIAL RATES. CAMPSA AND OTHER OIL COMPANIES STILL ALSO WILLING TO FUEL TRANSIENT US MILITARY AIRCRAFT AT SPANISH CIVIL AIR FIELDS IF REQUIRED ADVANCE NOTIFICATION GIVEN. (IN CANARIES, HOWEVER, FUEL IN SUCH SHORT SUPPLY SPANISH AUTHORITIES CLAIM TO BE UNABLE TO MEET FULL FUEL NEEDS OF TRANSIENTS. SPANISH AIR FORCE HAS ASKED AIRATT TO HAVE US LIMIT MILITARY AIRCRAFT VISITS TO CANARIES.)

3. SAF NOT DRAWING OF USAF INVENTORY OF MOTOR VEHICLE GAS OR HEATING AND POWER PLANT FUEL, THOUGH USAF DOES PROVIDE HEAT AND ELECTRICITY TO SPANISH INSTALLATIONS AT SHARED BASES. PRESENT USAF SUPPLY SITUATION WITH MOTOR VEHICLE FUELS WILL BE SATISFACTORY IF 30 THOUSAND BARREL SHIPMENT ARRIVES AS EXPECTED IN JANUARY. CAMPSA HAS OFFERED TO SELL MOGAS TO USAF, BUT AT STRAIGHT COMMERCIAL RATE THAT SO FAR HAS BEEN CONSIDERED PROHIBITIVE.

4. IN ABSENCE OF ADDITIONAL SUPPLIES, USAF COULD FACE SOME SHORTFALLS IN SUPPLY OF HEATING/POWER PLANT OIL FROM DEFENSE SOURCES IN FIRST QUARTER OF 1974. AS CONSERVATION MEASURE, USAF NOW BUYING BUNKER FOR HEATING FROM CAMPSA (AT FAVORABLE RATE CAMPSA GIVES HIGH VOLUME USEERS), THUS ALLOWING USAF TO STRETCH SUPPLY OF HIGHER GRADE DIESEL
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FUEL.

5. SPANISH ATTITUDE TOWARD MEETING US NAVY FUEL NEEDS SOMEWHAT LESS FORTHCOMING, THOUGH SPANISH NAVY CONSIDERABLE MORE DEPENDENT ON US SUPPLIES THAN IS SPANISH AIR FORCE. UNDER GENERAL AUTHORITY OF PARA 8, PROCEDURAL ANNEX XII OF AGREEMENT IN IMPLEMENTATION OF AFC, SPANISH NAVY WILL BE SUPPLIED ESTIMATED 300 THOUSAND BARRELS OF

NAVY SPECIAL FUEL OIL IN FY 1974 FROM US OPERATED FUEL TERMINALS IN ROTA, EL FERROL AND CARGAGENA. THIS SUPPLY SIGNIFICANTLY AFFECTS CURRENT USN CONSERVATION EFFORTS SINCE IT MAY BE DRAWN FROM 1) TERMINALS IN US, 2) CRUDE SOURCES IN US, OR 3) WAR RESERVE STOCKS IN MEDITERRANEAN AND EAST ATLANTIC. SINCE NO LOCAL COMMERCIAL SOURCES OF NSFO AVAILABLE, SN SHIPS AT MAJOR SPANISH BASES AT EL FERROL, ROTA AND CARGAGENA ALMOST TOTALLY DEPENDENT ON CONTINUING SUPPLY FROM US GOVT. SOURCES. IN COMPARISON, IN FY 1973 USN SHIPS VISITING CIVILIAN PORTS IN SPAIN BOUGHT TOTAL OF ONLY 83 THOUSAND BARRELS OF ALL TYPES OF MARINE FUELS.

6. CAMPSA HAS SHOWN INTEREST IN CONTRACTING TO PROVIDE SOME OF REQUIRED NSFO, WHICH NOW LITTLE USED AS USN SHIP FUEL, FROM SPANISH REFINERIES, BUT HAS DEFERRED MAKING COMMITMENT UNTIL SPANISH GOVT. POLICY ON EMBARGO IS CLARIFIED. OVERALL GOS POLICY ON FUELING STILL UNCLEAR.

7. DIRECTORATE GENERAL OF ENERGY NOW PROHIBITING REFUELING OF ALL FOREIGN SHIPS IN CANARIES, EXCEPT UNDER SPECIAL ARRANGEMENTS, ALLEGEDLY BECAUSE OF SHORT SUPPLIES.

WITH REGARD TO OTHER PORTS, DIRECTORATE GENERAL OF ENERGY POLICY OSTENSIBLY IS TO AUTHORIZE FUEL ONLY TO SHIPS THAT CALL REGULARLY AND THEN ONLY IN CUSTOMARY AMOUNTS. IN ONLY CLEAR TEST SO FAR, USS GIMORE ALLEGEDLY FAILED TO MEET THESE CRITERIA IN PROPOSED CALL AT PALMA DE MALLORCA AND WAS DENIED REQUEST FOR 350 THOUSAND GALLONS OF DIESEL. FOLLOWING REFUSAL, CEPSA (FUEL DISTRIBUTOR) REPRESENTATIVE INFORMED NAVATT THAT DIRECTORATE GENERAL OF ENERGY TOLD CEPSA NOT TO HONOR FUEL REQUESTS UNTIL SITUATION CLARIFIED. UNCLEAR WHETHER REFUSAL MOTIVATED BY SIZE OF GILMORE'S ORDER OR CONFIDENTIAL

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BY CONCERN OVER ADVERSE ARAB REACTION, BUT NAVATT FEELS DECISION WAS POLITICAL. SN LIAISON OFFICER TO US MILITARY MISSION IN MADRID STATED IN PRIVATE CONVERSATION US NAVY VESSELS SHOULD PLAN TO FUEL AT US INSTALLATIONS AND THAT IT WAS TO US ADVANTAGE THAT SPAIN NOT JEOPARDIZE ITS ARAB OIL SUPPLY BY REFUELING AT OTHER SPANISH PORTS.

8. OVERALL PICTURE, THEN, SUGGESTS THAT DEPENDENCE OF SPANISH NAVY, AND TO LESSER EXTENT, SPANISH AIR FORCE ON US SOURCES, GIVES US CONSIDERABLE POTENTIAL LEVERAGE IF SPANISH DECIDE TO FURTHER RESTRICT SUPPLIES. (SPANISH WAR SHIPS IN US FOR TRAINING, OF COURSE, ALSO DEPENDENT ON US FUELS.) WE SHOULD, HOWEVER, SEEK TO CLARIFY SPANISH INTENTION ON REFUELING US NAVY VESSELS AT NON-BASE PORTS. PARA 10 OF ANNEX IV (SHIP VISITS) OF AGREEMENT

IN IMPLEMENTATION GIVES US REASONABLE LEGAL GROUNDS TO
EXPECT TO BE ABLE TO PURCHASE FUEL DURING PORT CALLS UNDER
NORMAL CONDITIONS. THEREFORE, IT IS PLANNED TO REQUEST
FUEL FOR USN SHIPS VISITING BARCELONA AND VALENCIA DURING
MID DEC. TO ESTABLISH A TEST CASE AND CLARIFY THE SITUA-
TION. IF SPANISH REFUUE, A FORMAL EXPLANATION WILL BE
SOUGHT.
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